

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.



5182

Postlethwaite & Netterville

A Professional Accounting Corporation
Associated Offices in Principal Cities of the United States
www.pncpa.com

Release Date

11/1/06

INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES

Board of Directors
Pennington Biomedical Research Foundation
Baton Rouge, Louisiana

We have performed the procedures enumerated below, which were agreed to by the Legislative Auditor of Louisiana, solely to assist you with respect to the accounting records of the Pennington Biomedical Research Foundation (the Foundation) for the year ended June 30, 2006. This engagement to apply agreed-upon procedures was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of the specified users of the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Our procedures and findings are as follows:

Verified the Foundation's endowments for the Eminent Scholars Endowed Chairs Program and the Endowed Professorship Program have been managed in compliance with provisions set forth in the Board of Regents Statement of Investment Policy and Objectives.

No exceptions noted as a result of the above procedure.

Verified that the annual financial reports for the Eminent Scholars Endowed Chairs Program and the Endowed Professorship Program submitted to the Board of Regents were mathematically accurate and agreed to the accounting records of the Foundation. A listing of all the chairs with their corresponding account numbers is attached. (See Exhibit A)

No exceptions noted as a result of the above procedure.

Verified the Foundation has developed a spending plan for endowment earnings which is in compliance with Board of Regents guidelines.

No exceptions noted as a result of the above procedure.

Verified, in the sample selected for testing, the proceeds of the endowments for the Eminent Scholars Endowed Chairs Program and the Endowed Professorship Program were used as salaries or as a supplement for salaries or for other expenses related to scholarly work for eligible faculty members.

No exceptions noted as a result of the above procedure.

Verified the Foundation complied with all provisions of the Management Agreement with the University.

No exceptions noted as a result of the above procedure.

Verified investment earnings generated from pooled assets involving endowed chair or professorship money have been properly allocated to the chairs and professorships in accordance with the Louisiana Board of Regents Statement of Investment Policy and Objectives.

No exceptions noted as a result of the above procedure.

Verified the value of the state funds held by the Foundation as reported in its audited financial statements is equal to the amount recorded in the University's books.

No exceptions noted as a result of the above procedure.

Verified there is no regulatory oversight for the investment pool and that the fair value of the position in the pool is the same as the value of the pool shares.

No exceptions noted as a result of the above procedure.

The value of state funds held by the Foundation as reported in the audited financial statements is equal to the amount recorded on the University's books.

The audited book balance at June 30, 2006 and 2005 of the Louisiana State University investments held by the Foundation was \$5,869,786 and \$4,813,936 respectively.

The audited fair value at June 30, 2006 and 2005 of the Louisiana State University investments held by the Foundation was \$5,486,656 and \$4,883,120, respectively.

Based on an internal listing provided by the Foundation, and verified by confirming 100% of the Foundation's investments, the following is a description of the types of investments allocated to Louisiana State University funds held by the Foundation: equities; fixed income investments; real estate investment trusts; hedge funds; and cash management accounts.

Sources used to determine fair market value of investments include monthly investment statements prepared by an external securities brokerage and clearing firm, quarterly review of fair market value information by external investment advisors and periodic internal review and comparison of fair market value information against external published sources.

We were not engaged to, and did not conduct an examination, the objective of which would be the expression of an opinion on the specified elements. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.



This report is intended solely for the use of the Foundation, the LSU System, the Louisiana Legislative Auditor and the Board of Supervisors, and should not be used by anyone other than these specified parties.

Postlethwaite, J. Netterville

Baton Rouge, Louisiana
September 25, 2006



EXHIBIT A

United Companies/Harris J. Chustz Chair
Claude Bernard Pennington Chair
Douglas L. Manship Professorship in Diabetes
Hibernia National Bank/Edward G. Schlieder Chair
John Stauffer McIlhenny Professorship in Nutrition
George A. Bray Jr. Super Chair in Nutrition
George H. Bray Professorship
Douglas L. Gordon Chair in Diabetes and Metabolism
LPFA Chair in Nutrition
Peggy M. Pennington Cole Endowed Chair in Maternal Biology and the Risk of Obesity
John S. McIlhenny Endowed Chair in Health Wisdom
Marie Edana Corcoran Endowed Chair in Pediatric Obesity and Diabetes
John Barton Chair, Sr. Endowed Chair in Clinical Nutrition

